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SUBJECT: MEDIA REACTION: MIDEAST, RUSSIA, CLINTON, EU

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- [1](#)1. Lead Stories Summary

Editorials focused on the government's economic stimulus package and gas conflict between Ukraine and Russia. While almost all papers opened with reports on the fiscal plan to strengthen the economy, two economic papers centered on Deutsche Bank's plan to buy a ten percent stake in Deutsche Postbank. ZDF-TV's early evening newscast Heute and ARD-TV's early evening newscast Tagesschau opened with stories on the government's economic stimulus package.

- [1](#)2. Israel-Hamas Conflict

S|ddeutsche remarked that Israel "had planned the campaign against Hamas for a long time. This included denying foreign journalists access to Gaza six weeks ago without giving any reasons for it. When the Israeli bombs fell, it was obvious that the attack on Hamas was supposed to take place without independent journalists. To avoid own losses of its own troops, Israel is using maximum force, which must lead to a disproportionately high number of civilian casualties in a densely populated area. It was clear what the reports would look like: they would be devastating."

Frankfurter Allgemeine commented: "Olmert has no future as a politician. Since he had to resign last September due to the corruption allegations, he is only Israel's acting-prime minister. This might be the reason why he is taking a tougher stance in the war against Hamas than Foreign Minister Livni and Defense Minister Barak, who both want his office in the next election. Ruthlessly, like somebody who has nothing to lose, Olmert has now also embarrassed the U.S. government. Was he just showing off when he said that he called President Bush to tell him while he was delivering a speech that the U.S. must not under any circumstances vote in favor of the UN resolution for a ceasefire? This would mean that Israel decides American Middle East policy. Even if that is the case, Olmert should have kept quiet."

- [1](#)3. Russian-Ukrainian Gas Dispute

Deutschlandfunk commented: "Helplessness is slowly but gradually spreading in Brussels. Both Russia and Ukraine will have to think about how long they want to accept the growing loss of confidence by the West. As long as EU monitors have no access to the pumping stations, it will be difficult to assign blame for the problems. But if Gazprom representatives are now including the United States in the blame game and claim that the U.S. government is inciting Ukraine to divert gas deliveries, then this would be the first clear indication that we have to deal with a proxy war that focuses on Ukrainian efforts to align its views with the West, something Moscow does not like. But the government in Kiev must also accept charges that it does not make things easier for the EU by permanently accusing the Russians as the spoilsports from which it must free itself. On the contrary, Kiev, too, is testing the EU and allows growing doubts about whether states with arbitrary - political strategies are welcome in the EU. There are still clear deficiencies with respect to energy security for EU citizens. The question is whether the pipelines should not have been filled in the other direction, i.e. from West to the East to help the people in the Slovak Republic, Romania, Bulgaria and elsewhere. Would that not have been a sign of the energy solidarity that [politicians] like to emphasize so often?"

According to Handelsblatt, "neither of the two rivals is willing to show his hand. And this is not really a surprise, because this conflict has been smoldering for years. However, it is surprising how quickly Gazprom and Naftogas have forfeited their reputation. Not even during the Cold War did we have a similar crisis. The EU's naive approach to this new hot gas war is also surprising. The Europeans wanted to resolve this problem with accountants and monitors, but this is a problem that is highly political. The EU needs a clear strategy or it will turn into the plaything of Russian power interests or Ukrainian provocations."

Sueddeutsche Zeitung judged: "The issue is not whether Ukraine must pay 175, 250 or 400 dollars for Russian gas. The core of the conflict is the international control of the Russian-Ukrainian flow of gas to the West. The latest developments are only evidence of the enormous damage and distrust both Russia and Ukraine are now inflicting on others. It is very difficult to judge who is right and who is wrong but both sides have not done themselves a favor with this. The EU must now feel confirmed in its efforts to reduce its dependency on Russian gas, and the EU must wonder how reliable Ukraine still is as a transit state."

Tagesspiegel argued: "Ukraine is now exploiting its authority over important transit pipelines to negotiate favorable conditions for its own gas supplies and for a clear increase in transit charges. But by doing so, Ukraine is doing exactly what Russia is accusing it of: It is taking its neighbors, who are dependent on gas, hostage, thus forfeiting its reputation as a reliable partner."

Die Welt opined: "After this gas dispute, nothing will remain the same in EU-Russian relations as it was before. Despite the co-responsibility of Ukraine, it is inexcusable that Russia is now taking entire national economies hostage. The EU must finally act towards Gazprom with the degree of self-confidence which corresponds to its position as most important customer. The EU must now create a situation in which Russia is more dependent on European money than Europe is on Russian gas."

Financial Times Deutschland editorialized: "The Russian-Ukrainian fuss is now taking on grotesque dimensions, but the really worrying thing is that neither Russia nor Ukraine have shown any willingness to illuminate the obscurity that surrounds the gas supply question. The Europeans will gain considerable influence on the transit across Ukraine only if they take part in it. Now it is coming back to haunt them that they no longer pursued efforts for a joint pipeline consortium. Instead, German companies together with Gazprom backed the project of an overpriced gas pipeline across the Baltic Sea in which Russia has the control. It is time to talk about an internationalization of the Ukrainian transit pipeline."

Frankfurter Allgemeine Zeitung is of the opinion that "Ukraine's leading politicians held back their accusations for more than two weeks. This was obviously not an expression of the basic mood in the country but a consequence of the orthodox Christmas celebrations."

After a good rest, opposition leader Yanukovich now announced the next escalation step between Moscow and Kiev by revealing his plan to oust the Tymoshenko government and President Yushchenko. The Kremlin should be delighted at this. Russian Premier Putin could hardly better illustrate to the West the consequences of a democratic revolution."

14. Secretary-designate Clinton Hearing

Many German media reported on Senator Clinton's Senate hearing, but do not carry editorials. ZDF-TV's Heute newscast noted this morning: "Secretary of State-designate Clinton said during a Senate hearing that she wants to renew the leadership role of her country. Clinton told the Foreign Relations Committee that international cooperation must be strengthened. Tagesspiegel also headlined "Clinton wants to renew U.S. leadership role in the world."

Frankfurter Allgemeine's intro stated: "Secretary of State-designate Clinton's return to the Senate was a moment of triumph.... American diplomacy under her leadership will strive for nothing less than an epochal change after eight years of Republican rule under President George W. Bush.... The new chairman of the committee, Kerry, and Secretary-designate Clinton highlighted that the fight for climate protection will be a priority of the future U.S. foreign and security policy."

In a brief report, Süddeutsche headlined on the hearing that Clinton prefers "diplomacy over the army," and adds: "The future U.S. Secretary of State Clinton renounced its country's unilateral diplomacy.... Clinton said she believes in the concept of smart power; diplomacy will always have priority over military solutions."

Die Welt mentioned that "Clinton sharply warned Moscow" over the gas dispute, quoting her as saying that Russia's gas policy is "a significant security problem." She added that the State Department will have an energy coordinator. The paper stated: "She said that, given the seriousness of the situation, one needs a new framework to discuss energy security with the Europeans." Die Welt commented that "Her casual but deliberate reference on NATO Treaty's article five was a statement of tremendous significance."

FT Deutschland highlighted that "Clinton starts with old friends," by "falling back on her husband's staff."

15. EU Monetary Union

Handelsblatt claimed: "The Monetary Union is faced with a conflict between the European Central Bank (ECB) and the governments that it has never experienced before. The looming conflict between the ECB and politics will, however, be much more precarious. Since the ECB determines the interest rate policy, it can make the state dance to its tune. If the ECB wages an unrelenting battle against inflation, the entire euro zone will suffer from the conflict between monetary and finance policies. That is why the European Commission and the member states must now see to it that such a conflict can be avoided. Instead of closing their eyes and hoping for the best, all member states should now agree on how to reduce growing budget deficits to an acceptable degree. Only if the governments are willing to do this, will the ECB be willing to accept a short detour from the path of virtue and do without threatening gestures."

According to Financial Times Deutschland, "the euro is binding countries to each other that differ in their competitiveness. But with the financial crisis, the members of the Monetary Union are now dangerously drifting apart. One reason for the widening gap is that clear exchange rates between countries with different productivity patterns have changed the relative competitiveness. While Germany has gained a relative competitive advantage of ten percent since 1999, countries such as Italy have lost 40 percent as evidenced by OECD figures on unit labor costs. During the first ten euro years, the positive effects of the relatively low interest rates outdid the negative influence of a disrupted competitiveness. But in a recession, it will become much more difficult to gloss over cracks. If the differences in interest rates of government bonds increase to the level they had in 1999, speculation could arise that countries could suspend their membership [in the monetary union]. ECB head Trichet is rejecting such views as 'pipe dreams,' but leading monetary experts said a few months ago that such a development

cannot be ruled out. 2008 was a difficult year for the monetary union but the greatest challenges could still come in 2009."

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